



GOVERNOR GRAY DAVIS

January 10, 2003



To the Senate and the Assembly of the California Legislature:

I submit for your consideration the Governor's Budget for 2003-04.

Californians have proven time and again that there is no threat or crisis great enough to break our spirit. From devastating earthquakes, to deadly floods and firestorms, Californians have risen to the occasion, set aside personal concerns, and worked together to meet the challenge. Each time, we emerged stronger and more resilient as a community.

California now faces the most serious fiscal challenge in its history. The choices are difficult and the consequences of those choices will affect generations to come. This challenge must and will be met by California's leaders.

Over the past four years, working together, we have made critical investments in improving education, protecting public safety, expanding access to health care, and providing taxpayers with significant tax relief.

With the pace of both the national and state economies continuing to languish, and no significant rebound in sight, California has experienced the most dramatic decline in revenues since World War II. We bridged the budget gap last year with a mix of on-going and one-time solutions. This year, the problem is larger and the choices are more difficult.

Every crisis presents an opportunity for change. Yes, we must pass a budget and close the gap. This budget presents a plan to do that. We would be failing in our duty to those who elected us, however, if we pass on the tough decisions and do nothing to permanently fix what we know to be broken. As California leaders address the fiscal crisis now before us, we must seize the opportunity to develop a new fiscal blueprint for California. We must design a new foundation for meeting the needs of an already-changed California.

The future is now. The challenge is ours. I look forward to working with the Legislature to meet this task head on.

Sincerely,

Gray Davis

STATE CAPITOL • SACRAMENTO, CALIFORNIA 95814 • (916) 445-2841

